

COUNTY OF SUSSEX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2003

---

**COUNTY OF SUSSEX, VIRGINIA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2003**

---

**THIS PAGE LEFT BLANK INTENTIONALLY**

# COUNTY OF SUSSEX, VIRGINIA

---

## Board of Supervisors

---

Rufus E. Tyler, Chairman  
J. A. Stringfield  
W. J. Collins, Jr.

Charlie E. Caple, Jr.  
W. M. Harrell  
Alice W. Jones

## Department of Social Services

---

Clifton Owens, Chairman  
Elizabeth J. Bain  
Charlie E. Caple, Jr.  
Charles J. Wyatt

Maude K. Johnson  
Rodney Motton  
Johnnie Wiggins

## County School Board

---

Waverly L. Burrow, Chairperson  
James A. Thorpe, Jr.  
Rosa D. Overby

Clyde E. Gay  
Rose M. Rivers  
Ward T. Griffin

## Other Officials

---

Judge of the Circuit Court.....	Robert G. O'Hara, Jr.
Clerk of the Circuit Court .....	Gary M. Williams
Commonwealth's Attorney .....	E. Carter Nettles
Commissioner of the Revenue .....	Ellen G. Boone
Treasurer .....	Onnie L. Woodruff
Sheriff.....	E. S. Kitchen, Jr.
Superintendent of Schools .....	John W. Hicks
Director of Social Services .....	Chequila H. Fields
County Administrator .....	Mary E. Jones
Judge of the General District Court .....	Gammiel G. Poindexter
Judge of the Juvenile and Domestic Relations Court.....	Charles A. Perkinson, Jr.

**THIS PAGE LEFT BLANK INTENTIONALLY**

~

COUNTY OF SUSSEX, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report	i-ii
Management's Discussion and Analysis	iii-ix
<b><u>Basic Financial Statements</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1    Statement of Net Assets	1
Exhibit 2    Statement of Activities	2
<b>Fund Financial Statements:</b>	
Exhibit 3    Balance Sheet—Governmental Funds	3
Exhibit 4    Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4
Exhibit 5    Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	5
Exhibit 6    Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities—Governmental Funds	6
Exhibit 7    Statement of Fiduciary Net Assets—Fiduciary Funds	7
Exhibit 8    Statement of Changes in Fiduciary Net Assets	8
Notes to Financial Statements	9-32

**COUNTY OF SUSSEX, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b><u>Required Supplementary Information:</u></b>	
<b>Combining and Individual Funds Statements and Schedules:</b>	
Exhibit 9     Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	33
<b><u>Other Supplementary Information:</u></b>	
<b>Combining and Individual Funds Statements and Schedules:</b>	
Exhibit 10    Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - County Capital Projects Fund	34
Exhibit 11    Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Non Major Special Revenue Fund	35
Exhibit 12    Combining Statement of Fiduciary Net Assets	36
<b>Discretely Presented Component Unit School Board:</b>	
Exhibit 13    Combining Balance Sheet	37
Exhibit 14    Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	38
Exhibit 15    Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual - School Operating Fund	39
Exhibit 16    Statement of Revenues, Expenditures, and changes in Fund Balances - Budget and Actual - Non Major Special Revenue Fund	40
<b><u>Supporting Schedules:</u></b>	
Schedule 1    Governmental Funds and Discretely Presented Component Unit School Board—Schedule of Revenues—Budget and Actual	41-46
Schedule 2    Governmental Funds and Discretely Presented Component Unit School Board—Schedule of Expenditures—Budget and Actual	47-50

COUNTY OF SUSSEX, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

---

	<u>Page</u>
<b><u>Statistical Tables:</u></b>	
Table 1      Governmental Expenditures by Source—Last Ten Fiscal Years	51
Table 2      Governmental Revenues by Function—Last Ten Fiscal Years	52
Table 3      Property Tax Levies and Collections—Last Ten Fiscal Years	53
Table 4      Assessed Valuation of All Taxable Property—Last Ten Fiscal Years	54
Table 5      Property Tax Rates—Last Ten Fiscal Years	55
Table 6      Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	56
<b><u>Compliance:</u></b>	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57-58
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	59-60
Schedule of Expenditures of Federal Awards	61-62
Schedule of Findings and Questioned Costs	63

**THIS PAGE LEFT BLANK INTENTIONALLY**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## *Independent Auditor's Report*

To The Honorable Members of the Board of Supervisors  
County of Sussex  
Sussex, Virginia

We have audited the accompanying basic financial statements of the County of Sussex, Virginia, as of and for the fiscal year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Specifications for Audits of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Sussex, Virginia, as of June 30, 2003, and the results of its operation and changes in fiduciary net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2003 on our consideration of the County of Sussex, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*," as of July 1, 2002. This results in a change to the County's method of accounting and a change in the format and content of the basic financial statements.

Management's Discussion and Analysis and the Budgetary Comparison Schedules as identified in the accompanying table of contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the County of Sussex, Virginia, taken as a whole. The accompanying financial information listed as Other Supplementary Information in the table of contents and the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

The statistical tables listed in the Table of Contents are not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information. Accordingly, we do not express any assurances on such information.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
December 16, 2003

December 16, 2003

## MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors  
To the Citizens of Sussex County  
County of Sussex, Virginia

As management of the County of Sussex, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2003. Please read it in conjunction with the County's basic financial statements, which follow this section.

### Financial Highlights

#### Government-wide Financial Statements

- ▶ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$20,457,603 (net assets).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other uses of \$1,794,291 in excess of revenues and other financing sources (Exhibit 5) after making contributions totaling \$6,982,086 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$9,371,300 a decrease of \$1,794,291 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,799,064 or 30% of total general fund expenditures and other uses.
- ▶ The combined long-term obligations decreased \$897,049 during the current fiscal year.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Sussex, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Sussex, Virginia is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Sussex, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

## **Overview of the Financial Statements (Continued)**

**Governmental funds** - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds – the General Fund and County Capital Projects Fund.

**Fiduciary funds** - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$20,457,603 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

<b><u>County of Sussex, Virginia's Changes in Net Assets</u></b>	
	<b><u>Governmental Activities</u></b>
Current and other assets	\$ 9,739,313
Capital assets	<u>26,341,023</u>
Total assets	\$ <u>36,080,336</u>
Current liabilities	\$ 309,114
Long-term liabilities outstanding	<u>15,313,619</u>
Total liabilities	\$ <u>15,622,733</u>
Net assets:	
Invested in capital assets, net of related debt	\$ 11,204,509
Unrestricted	<u>9,253,094</u>
Total net assets	\$ <u><u>20,457,603</u></u>

**Government-wide Financial Analysis (Continued)**

The County's net assets decreased by \$665,970 during the current fiscal year. The following table summarizes the County's Statement of Activities

<u>County of Sussex, Virginia's Changes in Net Assets</u>	
	<u>Governmental Activities</u>
Charges for services	\$ 4,718,456
Operating grants and contributions	3,760,356
Capital grants and contributions	418,556
General property taxes	5,489,030
Other local taxes	958,067
Grants and other contributions not restricted	1,220,991
Other general revenues	311,445
	<hr/>
Total revenues	\$ 16,876,901
	<hr/>
General government administration	\$ 1,198,442
Judicial administration	519,786
Public safety	3,152,554
Public works	653,973
Health and welfare	2,344,701
Education	8,810,392
Parks, recreation, and cultural	96,315
Community development	376,762
Interest and other fiscal charges	389,946
Sewer	<hr/>
Total expenses	\$ 17,542,871
	<hr/>
Change in net assets	\$ (665,970)
	<hr/>
Net assets, July 1, 2002	21,123,573
Net assets, June 30, 2003	\$ <u><u>20,457,603</u></u>

## **Financial Analysis of the County's Funds**

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$9,371,300 a decrease of \$1,794,291 in comparison with the prior year. Approximately 51% of this total amount constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$4,045,692, all of which was designated for current or future capital projects.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were increases of \$434,281 and can be briefly summarized as follows:

- ▶ \$286,527 increase in public safety expenditures
- ▶ \$135,639 increase in general government administration
- ▶ \$9,615 increase in parks, recreational and cultural expenditures
- ▶ \$2,500 increase in community development

The increase in budgeted General Fund expenditures resulted in an increase in the budgeted beginning General Fund balance. During the year, revenues and other sources exceeded budgetary estimates by \$512,583. Expenditures and other uses were less than budgetary estimates by \$453,305, thus eliminating the budgeted need to draw upon existing fund balance of \$189,642 and actually adding to fund balance by \$776,246, resulting in a positive variance of \$965,888.

## **Capital Asset and Debt Administration**

- ▶ **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2003 amounts to \$26,341,023 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

**Long-term debt** - At the end of the current fiscal year, the County had total bonded debt outstanding of \$14,025,073. Of this amount, \$12,480,073 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds).

The County's total debt decreased by \$835,000 during the current fiscal year.

Additional information on the County of Sussex, Virginia's long-term debt can be found in Note 7 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- ▶ The unemployment rate for the County tends to be higher than both the state's average unemployment rate of 3.5 percent and the national average rate of 5.7 percent.
- ▶ Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2004 fiscal year.

The fiscal year 2004 budget increased by approximately 3%, and the property tax rates remained the same as the prior year.

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Sussex, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1397, Sussex, Virginia 23884.

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **BASIC FINANCIAL STATEMENTS**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**County of Sussex, Virginia**  
**Statement of Net Assets**  
**June 30, 2003**

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental</u> <u>Activities</u>	<u>Total</u>	<u>School Board</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,614,893	\$ 7,614,893	\$ 638,551
Cash in custody of others	505,892	505,892	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	268,495	268,495	-
Accounts receivable	709,285	709,285	-
Due from other governmental units	640,748	640,748	273,353
Capital assets (net of accumulated depreciation):			
Land	6,217,361	6,217,361	111,236
Buildings and system	17,511,225	17,511,225	5,626,351
Machinery and equipment	2,612,437	2,612,437	567,129
Total assets	<u>\$ 36,080,336</u>	<u>\$ 36,080,336</u>	<u>\$ 7,216,620</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 133,036	\$ 133,036	\$ 117,361
Accrued liabilities	-	-	543,139
Accrued interest payable	172,685	172,685	6,808
Due from other governmental units	-	-	166,067
Deferred revenue	3,393	3,393	-
Long-term liabilities:			
Due within one year	877,711	877,711	109,588
Due in more than one year	14,435,908	14,435,908	1,737,717
Total liabilities	<u>\$ 15,622,733</u>	<u>\$ 15,622,733</u>	<u>\$ 2,680,680</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 11,204,509	\$ 11,204,509	\$ 4,924,937
Unrestricted (deficit)	9,253,094	9,253,094	(388,997)
Total net assets	<u>\$ 20,457,603</u>	<u>\$ 20,457,603</u>	<u>\$ 4,535,940</u>
 Total Liabilities and Net Assets	 <u>\$ 36,080,336</u>	 <u>\$ 36,080,336</u>	 <u>\$ 7,216,620</u>

The notes to the financial statements are an integral part of this statement.

**THIS PAGE LEFT BLANK INTENTIONALLY**

County of Sussex, Virginia  
Statement of Activities  
For the Year Ended June 30, 2003

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Total	Component Unit
			Grants and Contributions	Capital Grants and Contributions			
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,198,442	\$ -	\$ 152,209	\$ -	\$ (1,046,233)	\$ (1,046,233)	\$ -
Judicial administration	519,786	464,809	188,542	-	133,565	133,565	-
Public safety	3,152,554	41,923	1,706,980	-	(1,403,651)	(1,403,651)	-
Public works	653,973	4,209,224	-	-	3,555,251	3,555,251	-
Health and welfare	2,344,701	-	1,598,981	-	(745,720)	(745,720)	-
Education	8,810,392	-	-	297,020	(8,513,372)	(8,513,372)	-
Parks, recreation, and cultural	96,315	-	5,000	-	(91,315)	(91,315)	-
Community development	376,762	2,500	108,644	121,536	(144,082)	(144,082)	-
Interest on long-term debt	389,946	-	-	-	(389,946)	(389,946)	-
Total government activities	\$ 17,542,871	\$ 4,718,456	\$ 3,760,356	\$ 418,556	\$ (8,645,503)	\$ (8,645,503)	\$ -
Total primary government	\$ 17,542,871	\$ 4,718,456	\$ 3,760,356	\$ 418,556	\$ (8,645,503)	\$ (8,645,503)	\$ -
<b>COMPONENT UNITS:</b>							
School Board	\$ 15,509,867	\$ 291,554	\$ 16,255,990	\$ -	\$ -	\$ -	\$ 1,037,677
Total component units	\$ 15,509,867	\$ 291,554	\$ 16,255,990	\$ -	\$ -	\$ -	\$ 1,037,677
General revenues:							
General property taxes	\$ 5,489,030				\$ 5,489,030	\$ 5,489,030	\$ -
Other local taxes	958,067				958,067	958,067	-
Permits, privilege fees, and regulatory licenses	47,342				47,342	47,342	-
Unrestricted revenues from use of money and property	169,215				169,215	169,215	3,170
Miscellaneous	94,888				94,888	94,888	142,258
Grants and contributions not restricted to specific programs	1,220,991				1,220,991	1,220,991	-
Total general revenues	\$ 7,979,533				\$ 7,979,533	\$ 7,979,533	\$ 145,428
Change in net assets	(665,970)				(665,970)	(665,970)	\$ 1,183,105
Net assets - beginning	21,123,573				21,123,573	21,123,573	3,352,835
Net assets - ending	\$ 20,457,603				\$ 20,457,603	\$ 20,457,603	\$ 4,535,940

The notes to the financial statements are an integral part of this statement.

**THIS PAGE LEFT BLANK INTENTIONALLY**

# **FUND FINANCIAL STATEMENTS**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**County of Sussex, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2003**

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,461,237	\$ 3,630,511	\$ 523,145	\$ 7,614,893
Cash in custody of others	-	505,892	-	505,892
Receivables (net of allowance for uncollectibles):				
Taxes receivable	268,495	-	-	268,495
Accounts receivable	699,654	2,885	6,746	709,285
Due from other governmental units	640,748	-	-	640,748
Total assets	<u>\$ 5,070,134</u>	<u>\$ 4,139,288</u>	<u>\$ 529,891</u>	<u>\$ 9,739,313</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 36,093	\$ 93,596	\$ 3,347	\$ 133,036
Deferred revenue	234,977	-	-	234,977
Total liabilities	<u>\$ 271,070</u>	<u>\$ 93,596</u>	<u>\$ 3,347</u>	<u>\$ 368,013</u>
Fund balances:				
Unreserved, reported in:				
General fund	\$ 4,799,064	\$ -	\$ -	\$ 4,799,064
Special revenue funds	-	-	526,544	526,544
Capital projects funds	-	4,045,692	-	4,045,692
Total fund balances	<u>\$ 4,799,064</u>	<u>\$ 4,045,692</u>	<u>\$ 526,544</u>	<u>\$ 9,371,300</u>
Total liabilities and fund balances	<u>\$ 5,070,134</u>	<u>\$ 4,139,288</u>	<u>\$ 529,891</u>	<u>\$ 9,739,313</u>

The notes to the financial statements are an integral part of this statement.

**County of Sussex, Virginia**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Assets**  
**June 30, 2003**

---

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	9,371,300
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,341,023
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	231,584
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(15,486,304)
Net assets of governmental activities	<u>\$ 20,457,603</u>

The notes to the financial statements are an integral part of this statement.

**County of Sussex, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 5,679,322	\$ -	\$ -	\$ 5,679,322
Other local taxes	829,283	-	128,784	958,067
Permits, privilege fees, and regulatory licenses	47,342	-	-	47,342
Fines and forfeitures	356,083	-	-	356,083
Revenue from the use of money and property	114,943	48,166	6,106	169,215
Charges for services	4,328,136	32,785	1,452	4,362,373
Miscellaneous	94,348	-	540	94,888
Recovered costs	169,707	-	-	169,707
Intergovernmental revenues:				
Local government	-	297,020	-	297,020
Commonwealth	3,888,913	-	38,328	3,927,241
Federal	1,175,642	-	-	1,175,642
Total revenues	<u>\$ 16,683,719</u>	<u>\$ 377,971</u>	<u>\$ 175,210</u>	<u>\$ 17,236,900</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,198,431	\$ -	\$ -	\$ 1,198,431
Judicial administration	437,574	-	1,359	438,933
Public safety	2,970,921	-	119,670	3,090,591
Public works	578,565	-	-	578,565
Health and welfare	2,299,042	-	-	2,299,042
Education	7,048,405	-	-	7,048,405
Parks, recreation, and cultural	120,977	-	-	120,977
Community development	427,536	-	-	427,536
Capital projects	-	2,584,361	-	2,584,361
Debt service:				
Principal retirement	-	835,000	-	835,000
Interest and other fiscal charges	-	409,350	-	409,350
Total expenditures	<u>\$ 15,081,451</u>	<u>\$ 3,828,711</u>	<u>\$ 121,029</u>	<u>\$ 19,031,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,602,268</u>	<u>\$ (3,450,740)</u>	<u>\$ 54,181</u>	<u>\$ (1,794,291)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 826,022	\$ -	\$ 826,022
Transfers out	(826,022)	-	-	(826,022)
Total other financing sources (uses)	<u>\$ (826,022)</u>	<u>\$ 826,022</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 776,246	\$ (2,624,718)	\$ 54,181	\$ (1,794,291)
Fund balances - beginning - as restated	4,022,818	6,670,410	472,363	11,165,591
Fund balances - ending	<u>\$ 4,799,064</u>	<u>\$ 4,045,692</u>	<u>\$ 526,544</u>	<u>\$ 9,371,300</u>

The notes to the financial statements are an integral part of this statement.

**County of Sussex, Virginia**  
**Reconciliation of Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2003**

---

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (1,794,291)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	402,160
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(190,292)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	903,628
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	12,825
Change in net assets of governmental activities	<u>\$ (665,970)</u>

The notes to the financial statements are an integral part of this statement.

**County of Sussex, Virginia**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2003**

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 55,945	\$ 7,163	\$ 63,108
Total assets	<u>55,945</u>	<u>7,163</u>	<u>63,108</u>
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ -	\$ 3,995	\$ 3,995
Amounts held for others	-	1,760	1,760
Amounts held for inmates	-	1,408	1,408
Total liabilities	<u>-</u>	<u>7,163</u>	<u>7,163</u>
<b>NET ASSETS</b>			
Held in trust for scholarships	\$ 55,945	\$ -	\$ 55,945
Total net assets	<u>55,945</u>	<u>-</u>	<u>55,945</u>
Total liabilities and net assets	<u>55,945</u>	<u>7,163</u>	<u>63,108</u>

The notes to the financial statements are an integral part of this statement.

**County of Sussex, Virginia**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2003**

---

	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>	
Investment earnings (losses)	\$ 615
Private donations	9,825
Total additions	\$ 10,440
<b>DEDUCTIONS</b>	
Scholarships	\$ 2,200
Total deductions	\$ 2,200
Change in net assets	8,240
Net assets - beginning	\$ 47,705
Net assets - ending	\$ 55,945

The notes to the financial statements are an integral part of this statement.

## COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003

---

### Note 1—Summary of Significant Accounting Policies:

---

The County of Sussex, Virginia (the "County") is governed by an elected six member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection; sanitation services; recreational activities, cultural events, education, and social services.

The financial statements of the County of Sussex, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

#### Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

#### Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

### **Note 1—Summary of Significant Accounting Policies: (Continued)**

---

**Statement of Net Assets** - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

**Statement of Activities** - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Budgetary comparison schedules** - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many government's revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

#### **A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Sussex (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

## COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

### Note 1—Summary of Significant Accounting Policies: (Continued)

---

#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units at June 30, 2003.

*Discretely Presented Component Units.* The School Board members are elected by the citizens of Sussex County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2003.

#### **C. Other Related Organizations**

##### **Included in the County's Financial Report**

None

#### **D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

The government-wide statement of activities reflect both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

## COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

### ***Note 1—Summary of Significant Accounting Policies: (Continued)***

---

#### **D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting of primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

**Note 1—Summary of Significant Accounting Policies: (Continued)**

---

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following non-major governmental funds:

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

**E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments for the government, as well as for its component unit are reported at fair value.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

**Note 1—Summary of Significant Accounting Policies: (Continued)**

---

**F. Investments**

Investments are stated at fair value which approximates market; no investments are value at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

**G. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$106,751 at June 30, 2003 is composed solely of property taxes.

**Real and Personal Property Tax Data:**

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

**Note 1—Summary of Significant Accounting Policies: (Continued)**

---

**H. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Building improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

**I. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

**J. Retirement Plan**

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County’s policy is to fund pension cost as it accrues.

**K. Use of Estimates**

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

### ***Note 1—Summary of Significant Accounting Policies: (Continued)***

---

#### **L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **M. Net Assets**

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

#### **N. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligation are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### ***Note 2—Stewardship, Compliance, and Accounting:***

---

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before March 30<sup>th</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

**Note 2—Stewardship, Compliance, and Accounting: (Continued)**

---

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2003.

**Note 3—Cash and Cash Equivalents:**

---

The County and Component Unit School Board cash and cash equivalents consist of pooled cash and investments.

**Primary Government and Component Unit School Board:**

**Deposits** - All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security of Public Deposits Act, Section 2.2-4400 et. seq. Of the Code of Virginia (a multiple financial institutions collateral pool) or covered by federal depository insurance. Under the act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

**Investments** - Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), Asian Development Bank and the African Development Bank, commercial paper rate A-1 by Standard and Poor's Corporation of P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its safekeeping agent in the County's names. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or safekeeping agency in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by the counterparty's trust department (if a bank) or safekeeping agent but not in the County's name.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 3—Cash and Cash Equivalents: (Continued)**

**Primary Government and Component Unit School Board (continued):**

	Category			Carrying Value	Fair Value
	1	2	3		
Investments:					
US Treasury Notes	\$ 505,892	\$ -	\$ -	\$ 505,892	\$ 505,892
Total	<u>505,892</u>	<u>-</u>	<u>-</u>	505,892	<u>505,892</u>
Investments not subject to categorization:					
Evergreen				\$ 2,006,060	
Local Government Investment Pool				3,987,041	
Deposits				2,322,461	
Total Deposits and Investments				\$ 8,821,454	
Cash and petty cash				1,611	
Total Cash and Cash Equivalents				<u>\$ 8,823,065</u>	

The following is a summary of cash and cash equivalents per fund financial statements:

Governmental funds - Cash and cash equivalents	\$ 8,120,785
Fiduciary funds - Cash and cash equivalents	63,108
Commonwealth current credit	20
Treasurer's deferred account	601
Discretely presented component unit School Board:	
Cash and cash equivalents	<u>638,551</u>
Total	<u>\$ 8,823,065</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

**Note 4—Due to/from Other Governments:**

---

At June 30, 2003, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Sussex County School Board	\$ 166,067	\$
Commonwealth of Virginia:		
Local sales tax	69,399	-
Welfare	31,519	-
Rolling stock tax	65,231	-
Fringe benefits	-	23,899
State Sales Tax	-	146,060
Constitutional officer reimbursements	120,804	-
Recordation tax	4,040	-
Community corrections	23,613	-
Personal property tax relief act	3,521	-
Comprehensive services	77,485	-
Federal Government:		
School fund grants	-	103,394
Welfare	79,069	-
Total due from other governments	<u>\$ 640,748</u>	<u>\$ 273,353</u>

At June 30, 2003, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	<u>\$ -</u>	<u>\$ 166,067</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2003:

**Primary Government:**

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Land and land improvements	\$ 6,182,570	\$ 34,791	\$ -	\$ 6,217,361
Buildings and improvements	6,172,519	265,334	-	6,437,853
Equipment	3,356,032	993,590	20,000	4,329,622
Jointly owned assets	13,447,463	1,386,987	1,478,038	13,356,412
<b>Totals</b>	<b>\$ 29,158,584</b>	<b>\$ 2,680,702</b>	<b>\$ 1,498,038</b>	<b>\$ 30,341,248</b>
Accumulated depreciation	3,219,721	874,499	93,995	4,000,225
Net capital assets primary government	<u>\$ 25,938,863</u>	<u>\$ 1,806,203</u>	<u>\$ 1,404,043</u>	<u>\$ 26,341,023</u>
<b>Component Unit-School Board:</b>	<b>Balance July 1, 2002</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2003</b>
Land and land improvements	\$ 111,236	\$ -	\$ -	\$ 111,236
Equipment	1,416,235	265,528	148,000	1,533,763
Jointly owned assets	4,543,389	1,478,038	-	6,021,427
<b>Totals</b>	<b>\$ 6,070,860</b>	<b>\$ 1,743,566</b>	<b>\$ 148,000</b>	<b>\$ 7,666,426</b>
Accumulated depreciation	1,149,545	360,165	148,000	1,361,710
Net capital assets component unit school board	<u>\$ 4,921,315</u>	<u>\$ 1,383,401</u>	<u>\$ -</u>	<u>\$ 6,304,716</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 5—Capital Assets: (Continued)**

The following is a summary of capital assets restatements due to change in capital asset policy and other adjustments to actual inventory.

	<u>Balance June 30, 2002</u>	<u>Restatement</u>	<u>Restated Balance June 30, 2002</u>
<b>Primary Government:</b>			
Land and land improvements	\$ 6,191,455	\$ (8,885)	\$ 6,182,570
Buildings and improvements	6,165,043	7,476	6,172,519
Equipment	2,407,865	948,167	3,356,032
Jointly owned assets	-	13,447,463	13,447,463
Totals	\$ 14,764,363	\$ 14,394,221	\$ 29,158,584
Accumulated depreciation	-	3,219,721	3,219,721
Net capital assets primary government	\$ <u>14,764,363</u>	\$ <u>11,174,500</u>	\$ <u>25,938,863</u>
<b>Component Unit - School Board:</b>			
Land and land improvements	\$ 111,236	\$ -	\$ 111,236
Buildings and improvements	17,678,595	(17,678,595)	-
Equipment	1,416,235	-	1,416,235
Jointly owned assets	-	4,543,389	4,543,389
Totals	\$ 19,206,066	\$ (13,135,206)	\$ 6,070,860
Accumulated depreciation	-	1,149,545	1,149,545
Net capital assets component unit - school board	\$ <u>19,206,066</u>	\$ <u>(14,284,751)</u>	\$ <u>4,921,315</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 5—Capital Assets: (Continued)**

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government	\$	11
Judicial administration		92,056
Public safety		373,454
Public works		5,311
Health and welfare		45,723
Education		<u>357,944</u>
Total Governmental activities	\$	<u>874,499</u>
Component Unit School Board	\$	<u>286,170</u>

**Note 6—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2003, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 826,022
County capital projects fund	<u>826,022</u>	<u>-</u>
Total	\$ <u>826,022</u>	\$ <u>826,022</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 7—Long Term Obligations:**

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Amounts Payable at July 1, 2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2003</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Obligations:</b>					
<b>Incurred by County:</b>					
Claims, judgments and compensated absences payable	\$ 170,526	\$ 6,579	\$ -	\$ 177,105	\$ 17,711
Lease revenue bonds	2,005,000	-	460,000	1,545,000	485,000
Landfill post closure care	1,180,069	-	68,628	1,111,441	-
<b>Total incurred by County</b>	<b>\$ 3,355,595</b>	<b>\$ 6,579</b>	<b>\$ 528,628</b>	<b>\$ 2,833,546</b>	<b>\$ 502,711</b>
<b>Incurred by School Board:</b>					
State Literary Fund Loans	\$ 6,175,073	\$ -	\$ -	\$ 6,175,073	\$ -
General obligation bonds	6,680,000	-	375,000	6,305,000	375,000
<b>Total incurred by School Board</b>	<b>\$ 12,855,073</b>	<b>\$ -</b>	<b>\$ 375,000</b>	<b>\$ 12,480,073</b>	<b>\$ 375,000</b>
<b>Total Governmental Obligations</b>	<b>\$ 16,210,668</b>	<b>\$ 6,579</b>	<b>\$ 903,628</b>	<b>\$ 15,313,619</b>	<b>\$ 877,711</b>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

Primary Government: (continued)

Year Ending June 30	County Obligations	
	Lease Revenue Bond	
	Principal	Interest
2004	\$ 485,000	\$ 75,348
2005	515,000	46,961
2006	545,000	16,077
Total	\$ <u>1,545,000</u>	\$ <u>138,386</u>

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2004	\$ 375,000	\$ 287,300
2005	375,000	270,050
2006	375,000	253,738
2007	370,000	238,465
2008	370,000	223,110
2009	370,000	207,524
2010	370,000	190,272
2011	370,000	172,559
2012	370,000	155,770
2013	370,000	138,750
2014	370,000	121,499
2015	370,000	104,016
2016	370,000	85,840
2017	370,000	66,970
2018	370,000	48,100
2019	370,000	28,999
2020	370,000	9,666
Total	\$ <u>6,305,000</u>	\$ <u>2,602,628</u>

Literary loan amortization will not be set until final drawdown is made.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

**Note 7—Long-Term Obligations: (Continued)**

---

**Primary Government: (continued)**

**General Obligations:**

**Incurring by County:**

**Lease Revenue Bonds:**

\$4,330,000 lease revenue bond issued June 29, 1994 secured by a leasehold interest in the construction of a courthouse facility and jail renovation, due in annual installments through August 1, 2005, interest payable annually at varying rates from 4.3% to 5.90%

\$ 1,545,000

Total Lease Revenue Bonds

\$ 1,545,000

Landfill post closure cost

\$ 1,111,441

Compensated absences

\$ 177,105

Total incurred by County

\$ 2,833,546

**General Obligations:**

**Incurring by School Board:**

**General Obligation Bonds:**

\$7,430,000 VPSA bond issued April 26, 1999 in annual installments, interest payable semi-annually at coupon rates of 4.100% to 5.225% through July 15, 2019

\$ 6,305,000

Total General Obligation Bonds

\$ 6,305,000

**Literary Fund Loans:**

\$7,500,000 Literary Loan interest at 3%, not yet fully drawn down

\$ 6,175,073

Total State Literary Fund Loans

\$ 6,175,073

Total incurred by School Board

\$ 12,480,073

Total General Obligations, Primary Government

\$ 15,313,619

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 7--Long-Term Obligations: (Continued)**

Component Unit-School Board	Amounts Payable at July 1, 2002	Increases	Decreases	Amounts Payable at June 30, 2003	Amounts Due Within One Year
Component Unit-School Board:					
Early retirement incentive	\$ 1,282,494	\$ -	\$ 23,126	\$ 1,259,368	\$ 24,976
Capital leases	-	120,411	-	120,411	37,859
Compensated absences	467,526	-	-	467,526	46,753
<b>Total Component Unit-School Board</b>	<b>\$ 1,750,020</b>	<b>\$ 120,411</b>	<b>\$ 23,126</b>	<b>\$ 1,847,305</b>	<b>\$ 109,588</b>

Year Ending June 30	VRS Retirement Liability		Capital Lease	
	Principal	Interest	Principal	Interest
2004	\$ 24,976	\$ 100,750	\$ 37,859	\$ 7,104
2005	26,974	98,752	40,093	4,871
2006	29,132	96,594	42,459	2,505
2007	31,463	94,263	-	-
2008	33,980	91,746	-	-
2009	36,698	89,028	-	-
2010	39,634	86,092	-	-
2011	42,804	82,922	-	-
2012	46,229	79,497	-	-
2013	49,928	75,798	-	-
2014	53,921	71,805	-	-
2015	58,236	67,490	-	-
2016	62,894	62,832	-	-
2017	67,925	57,801	-	-
2018	73,360	52,366	-	-
2019	79,228	46,498	-	-
2020	85,567	40,159	-	-
2021	92,412	33,314	-	-
2022	99,805	25,921	-	-
2023	107,789	17,937	-	-
2024	116,413	9,313	-	-
<b>Total</b>	<b>\$ 1,259,368</b>	<b>\$ 1,380,878</b>	<b>\$ 120,411</b>	<b>\$ 14,480</b>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

**Note 7—Long-Term Obligations: (Continued)**

---

Capital Lease Obligations:

\$201,124 Capital lease issued July 15, 2002, due in annual installments, of \$44,963.50 (principal and interest) through July 15, 2006, interest at 5.99%	\$	<u>120,411</u>
Total Capital Lease Obligations	\$	<u>120,411</u>
Early Retirement Incentive	\$	<u>1,259,368</u>
Compensated absence liability	\$	<u>467,526</u>
Total General obligations, Component Unit - School Board	\$	<u><u>1,847,305</u></u>

---

**Note 8—Closure and Post-closure Costs:**

---

The County closed its two landfills and is liable for post-closure monitoring for a period of thirty years. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with Federal and State Regulations. The 1,111,441 reported as landfill closure and post-closure liability at June 30, 2003, represents the estimated liability for post-closure monitoring, over the remaining twenty-seven years. These amounts are based on what it would cost to perform all closure and post-closure care in 2003. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

---

**Note 9—Deferred Revenue:**

---

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,234,977 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$231,584 at June 30, 2003.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2003 but paid in advance by the taxpayers totaled \$3,393 at June 30, 2003.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

**Note 10—Contingent Liabilities:**

---

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The County has the following construction contracts outstanding:

<u>Project</u>	<u>Contractor</u>	<u>Contract</u>	<u>Amount Remaining</u>
High School	Hathaway Duke	\$ 13,378,343	\$ 200,255
Middle School	Blue Ridge	\$ 8,846,167	\$ 8,846,167

**Note 11—Litigation:**

---

At June 30, 2003, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

**Note 12 —Risk Management:**

---

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

## COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

---

### **Note 13 – Defined Benefit Pension Plan:**

---

#### **Primary Government:**

##### **A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

##### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2003 were 1% and 5% of annual covered payroll, respectively.

The School Board's professional employees contributed \$240,105, \$236,023, and \$507,061 to the teacher cost-sharing pool for the fiscal years ended June 30, 2003, 2002, and 2001 respectively. The County's current rate is 3.77% of annual covered payroll.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 13 – Defined Benefit Pension Plan (Continued):**

**Primary Government: (continued)**

**C. Annual Pension Cost**

For fiscal 2003, the County's annual pension cost of \$34,219 was equal to the County's required and actuarial contributions. The required contributions were determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2003, the County School Board's annual pension cost for the Board's non-professional employees was \$44,304 which was equal to the Board's required and actuarial contributions. The required contributions were determined as a part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2001	June 30, 2001
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	18 years	2 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	8.00%	8.00%
Projected salary increases: <sup>1</sup>		
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

<sup>1</sup> Includes inflation at 3%

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 13 – Defined Benefit Pension Plan: (Continued)**

**Primary Government: (continued)**

**C. Annual Pension Cost: (continued)**

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
<b>County:</b>			
June 30, 2003	\$ 34,219	100%	\$ -
June 30, 2002	16,478	100%	-
June 30, 2001	19,485	100%	-
<b>School Board:</b>			
<b>Non-Professional:</b>			
June 30, 2003	\$ 44,304	100%	\$ -
June 30, 2002	58,729	100%	-
June 30, 2001	44,327	100%	-

(1) Employer portion only

**Required Supplementary Information**

**Schedule of Funding Progress**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
<b>County:</b>						
6/30/2002	\$ 10,287,988	\$ 8,669,632	\$ (1,618,356)	118.67%	\$ 3,316,216	-48.80%
6/30/2001	9,824,180	7,975,207	(1,848,973)	123.18%	3,220,002	-57.42%
6/30/2000	8,815,215	7,078,174	(1,737,041)	124.54%	2,948,129	-58.92%
<b>School Board Non-Professionals:</b>						
6/30/2002	\$ 1,051,831	\$ 1,171,777	\$ 119,946	89.76%	\$ 901,610	13.30%
6/30/2001	917,180	905,960	(11,220)	101.24%	783,545	-1.43%
6/30/2000	759,108	871,798	112,690	87.07%	780,316	14.44%

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2003 (Continued)

**Note 14 –Fund Balance/Retained Earnings Adjustments:**

	<u>County Capital Projects</u>	<u>School Fund</u>
Fund balances/retained earnings as previously reported	\$ 6,667,567	\$ 184,383
Reclassification of School Capital Projects Fund	<u>2,843</u>	<u>(2,843)</u>
Totals as adjusted	\$ <u>6,670,410</u>	\$ <u>181,540</u>

**Note 15 –Surety Bonds:**

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gary M. Williams, Clerk of the Circuit Court	\$ 210,000
Onnie L. Woodruff, Treasurer	400,000
Ellen G. Boone, Commissioner of the Revenue	20,000
E. S. Kitchen, Jr., Sheriff	30,000
Continental Insurance Company-Surety:	
John W. Hicks, Superintendent of Schools and Clerk of the Board	10,000
All County, Social Service and School Board Employees	100,000

**Note 16 –Jointly Governed Organizations:**

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, Petersburg, and the Counties of Dinwiddie, Greensville, Surry, and Sussex. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Sussex County contributed \$51,026 to the District 19 Community Services Board for the fiscal year ended June 30, 2003.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**COMBINING AND INDIVIDUAL FUNDS  
STATEMENTS AND SCHEDULES**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**County of Sussex, Virginia**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 5,771,031	\$ 5,771,031	\$ 5,679,322	\$ (91,709)
Other local taxes	846,280	846,280	829,283	(16,997)
Permits, privilege fees, and regulatory licenses	44,150	44,150	47,342	3,192
Fines and forfeitures	220,000	220,000	356,083	136,083
Revenue from the use of money and property	174,570	174,570	114,943	(59,627)
Charges for services	3,396,534	3,396,534	4,328,136	931,602
Miscellaneous	325,937	325,937	94,348	(231,589)
Recovered costs	176,450	176,450	169,707	(6,743)
Intergovernmental revenues:				
Commonwealth	4,065,088	4,065,088	3,888,913	(176,175)
Federal	901,127	901,127	1,175,642	274,515
Total revenues	<u>\$ 15,921,167</u>	<u>\$ 15,921,167</u>	<u>\$ 16,683,719</u>	<u>\$ 762,552</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,105,886	\$ 1,241,525	\$ 1,198,431	\$ 43,094
Judicial administration	495,974	495,974	437,574	58,400
Public safety	2,968,556	3,255,083	2,970,921	284,162
Public works	482,045	482,045	578,565	(96,520)
Health and welfare	2,141,573	2,141,573	2,299,042	(157,469)
Education	6,914,627	6,914,627	7,048,405	(133,778)
Parks, recreation, and cultural	111,344	120,959	120,977	(18)
Community development	633,501	636,001	427,536	208,465
Total expenditures	<u>\$ 14,853,506</u>	<u>\$ 15,287,787</u>	<u>\$ 15,081,451</u>	<u>\$ 206,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,067,661</u>	<u>\$ 633,380</u>	<u>\$ 1,602,268</u>	<u>\$ 968,888</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 249,969	\$ -	\$ (249,969)
Transfers out	(1,072,991)	(1,072,991)	(826,022)	246,969
Total other financing sources and uses	<u>\$ (1,072,991)</u>	<u>\$ (823,022)</u>	<u>\$ (826,022)</u>	<u>\$ (3,000)</u>
Net change in fund balances	\$ (5,330)	\$ (189,642)	\$ 776,246	\$ 965,888
Fund balances - beginning	5,330	189,642	4,022,818	3,833,176
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,799,064</u>	<u>\$ 4,799,064</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **OTHER SUPPLEMENTARY INFORMATION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**COMBINING AND INDIVIDUAL FUNDS  
STATEMENTS AND SCHEDULES**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**County of Sussex, Virginia**  
**County Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 75,000	\$ 75,000	\$ 48,166	\$ (26,834)
Charges for services	37,000	37,000	32,785	(4,215)
Intergovernmental revenues:				
Local government	485,771	485,771	297,020	(188,751)
Commonwealth	10,000	10,000	-	(10,000)
Total revenues	<u>\$ 607,771</u>	<u>\$ 607,771</u>	<u>\$ 377,971</u>	<u>\$ (229,800)</u>
<b>EXPENDITURES</b>				
Current:				
Capital projects	\$ 1,335,771	\$ 2,955,852	\$ 2,584,361	\$ 371,491
Debt service:				
Principal retirement	1,830,506	1,830,506	835,000	995,506
Interest and other fiscal charges	-	-	409,350	(409,350)
Total expenditures	<u>\$ 3,166,277</u>	<u>\$ 4,786,358</u>	<u>\$ 3,828,711</u>	<u>\$ 957,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,558,506)</u>	<u>\$ (4,178,587)</u>	<u>\$ (3,450,740)</u>	<u>\$ 727,847</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,072,991	\$ 1,072,991	\$ 826,022	\$ (246,969)
Transfers out	-	(246,969)	-	246,969
Total other financing sources and uses	<u>\$ 1,072,991</u>	<u>\$ 826,022</u>	<u>\$ 826,022</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,485,515)	\$ (3,352,565)	\$ (2,624,718)	\$ 727,847
Fund balances - beginning - as restated	1,485,515	3,352,565	6,670,410	3,317,845
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,045,692</u>	<u>\$ 4,045,692</u>

**County of Sussex, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Special Revenue Fund**  
**For the Year Ended June 30, 2003**

	<b>County Special Revenue Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Other local taxes	\$ 125,000	\$ 125,000	\$ 128,784	\$ 3,784
Revenue from the use of money and property	4,800	4,800	6,106	1,306
Charges for services	1,300	1,300	1,452	152
Miscellaneous	2,500	2,500	540	(1,960)
Intergovernmental revenues:				
Commonwealth	-	-	38,328	38,328
Total revenues	<u>\$ 133,600</u>	<u>\$ 133,600</u>	<u>\$ 175,210</u>	<u>\$ 41,610</u>
<b>EXPENDITURES</b>				
Current:				
Judicial administration	\$ 3,000	\$ 3,000	\$ 1,359	\$ 1,641
Public safety	195,243	195,243	119,670	75,573
Total expenditures	<u>\$ 198,243</u>	<u>\$ 198,243</u>	<u>\$ 121,029</u>	<u>\$ 77,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (64,643)</u>	<u>\$ (64,643)</u>	<u>\$ 54,181</u>	<u>\$ 118,824</u>
Net change in fund balances	\$ (64,643)	\$ (64,643)	\$ 54,181	\$ 118,824
Fund balances - beginning, as restated	64,643	64,643	472,363	407,720
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526,544</u>	<u>\$ 526,544</u>

County of Sussex, Virginia  
 Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2003

	Agency Funds				Private Purpose Trust Funds				Total
	Special Welfare	Sheriff Information	Jail Inmate	Total	Robert Mitchell Scholarship	Rotary Scholarship	Richard Clements Moore III Scholarship	Millard Stith Family Scholarship	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 3,995	\$ 1,760	\$ 1,408	\$ 7,163	\$ 29,175	\$ 8,155	\$ 9,767	\$ 8,848	\$ 55,945
Total assets	\$ 3,995	\$ 1,760	\$ 1,408	\$ 7,163	\$ 29,175	\$ 8,155	\$ 9,767	\$ 8,848	\$ 55,945
<b>LIABILITIES</b>									
Amounts held for social services clients	\$ 3,995	\$ -	\$ -	\$ 3,995	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts held for others	-	1,760	-	1,760	-	-	-	-	-
Amounts held for inmates	-	-	1,408	1,408	-	-	-	-	-
Total liabilities	\$ 3,995	\$ 1,760	\$ 1,408	\$ 7,163	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET ASSETS</b>									
Amounts held in trust for scholarships	\$ -	\$ -	\$ -	\$ -	\$ 29,175	\$ 8,155	\$ 9,767	\$ 8,848	\$ 55,945
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ 29,175	\$ 8,155	\$ 9,767	\$ 8,848	\$ 55,945
Total liabilities and net assets	\$ 3,995	\$ 1,760	\$ 1,408	\$ 7,163	\$ 29,175	\$ 8,155	\$ 9,767	\$ 8,848	\$ 55,945

**THIS PAGE LEFT BLANK INTENTIONALLY**

**DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**County of Sussex, Virginia**  
**Combining Balance Sheet**  
**Discretely Presented Component Unit - School Board**  
**June 30, 2003**

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 543,139	\$ 95,412	\$ 638,551
Due from other governmental units	257,139	16,214	273,353
Total assets	\$ 800,278	\$ 111,626	\$ 911,904
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 91,072	\$ 26,289	\$ 117,361
Accrued liabilities	543,139	-	543,139
Due to other governmental units	166,067	-	166,067
Total liabilities	\$ 800,278	\$ 26,289	\$ 826,567
Fund balances:			
Unreserved:			
Undesignated	\$ -	\$ 85,337	\$ 85,337
Total fund balances	\$ -	\$ 85,337	\$ 85,337
Total liabilities and fund balances	\$ 800,278	\$ 111,626	\$ 911,904

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	85,337
-------------------------------	--------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,304,716
---------------------------------------------------------------------------------------------------------------------------	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,847,305)
----------------------------------------------------------------------------------------------------------------------------------------------	-------------

Net assets of governmental activities	\$ 4,542,748
---------------------------------------	--------------

**County of Sussex, Virginia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds - Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2003**

	<b>School Operating Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 1,825	\$ 1,345	\$ 3,170
Charges for services	-	291,554	291,554
Miscellaneous	140,599	1,659	142,258
Intergovernmental revenues:			
Local government	6,982,086	-	6,982,086
Commonwealth	6,317,802	8,033	6,325,835
Federal	818,483	367,599	1,186,082
Total revenues	<u>\$ 14,260,795</u>	<u>\$ 670,190</u>	<u>\$ 14,930,985</u>
<b>EXPENDITURES</b>			
Current:			
Education	<u>\$ 14,255,480</u>	<u>\$ 766,393</u>	<u>\$ 15,021,873</u>
Total expenditures	<u>\$ 14,381,206</u>	<u>\$ 766,393</u>	<u>\$ 15,147,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (120,411)</u>	<u>\$ (96,203)</u>	<u>\$ (216,614)</u>
Net change in fund balances	\$ -	\$ (96,203)	\$ (96,203)
Fund balances - beginning	-	181,540	181,540
Fund balances - ending	<u>\$ -</u>	<u>\$ 85,337</u>	<u>\$ 85,337</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (96,203)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 1,383,401

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (97,285)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental fun (6,808)

Change in net assets of governmental activities \$ 1,183,105

**County of Sussex, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2003**

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,825	\$ 1,825
Miscellaneous	46,887	46,887	140,599	93,712
Intergovernmental revenues:				
Local government	6,848,308	6,848,308	6,982,086	133,778
Commonwealth	6,567,417	6,567,417	6,317,802	(249,615)
Federal	595,463	595,463	818,483	223,020
Total revenues	<u>\$ 14,058,075</u>	<u>\$ 14,058,075</u>	<u>\$ 14,260,795</u>	<u>\$ 202,720</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 14,058,075	\$ 14,058,075	\$ 14,255,480	\$ (197,405)
Debt service:				
Principal retirement	-	-	23,126	(23,126)
Interest and other fiscal charges	-	-	102,600	(102,600)
Total expenditures	<u>\$ 14,058,075</u>	<u>\$ 14,058,075</u>	<u>\$ 14,381,206</u>	<u>\$ (323,131)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,411)</u>	<u>\$ (120,411)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of capital leases	\$ -	\$ -	\$ 120,411	\$ 120,411
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,411</u>	<u>\$ 120,411</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**County of Sussex, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2003**

	<u>School Special Revenue Fund</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,345	\$ 1,345
Charges for services	248,695	248,695	291,554	42,859
Miscellaneous	-	-	1,659	1,659
Intergovernmental revenues:				
Commonwealth	11,305	11,305	8,033	(3,272)
Federal	400,000	400,000	367,599	(32,401)
Total revenues	<u>\$ 660,000</u>	<u>\$ 660,000</u>	<u>\$ 670,190</u>	<u>\$ 10,190</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 660,000	\$ 660,000	\$ 766,393	\$ (106,393)
Total expenditures	<u>\$ 660,000</u>	<u>\$ 660,000</u>	<u>\$ 766,393</u>	<u>\$ (106,393)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,203)</u>	<u>\$ (96,203)</u>
Net change in fund balances	\$ -	\$ -	\$ (96,203)	\$ (96,203)
Fund balances - beginning	-	-	181,540	181,540
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,337</u>	<u>\$ 85,337</u>

## **SUPPORTING SCHEDULES**

**THIS PAGE LEFT BLANK INTENTIONALLY**

County of Sussex, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2003

Schedule 1  
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,888,000	\$ 2,888,000	\$ 2,892,692	\$ 4,692
Real and personal public service corporation taxes	392,743	392,743	391,337	(1,406)
Personal property taxes	1,433,230	1,433,230	1,316,997	(116,233)
Mobile home taxes	73,816	73,816	74,621	805
Machinery and tools taxes	758,102	758,102	816,563	58,461
Merchants capital taxes	64,940	64,940	63,969	(971)
Penalties	100,000	100,000	100,515	515
Interest	60,200	60,200	22,628	(37,572)
Total general property taxes	<u>\$ 5,771,031</u>	<u>\$ 5,771,031</u>	<u>\$ 5,679,322</u>	<u>\$ (91,709)</u>
Other local taxes:				
Local sales and use taxes	\$ 425,000	\$ 425,000	\$ 423,246	\$ (1,754)
Consumers' utility taxes	160,000	160,000	149,792	(10,208)
Consumption tax	44,000	44,000	55,515	11,515
Cable franchise taxes	1,100	1,100	1,038	(62)
Business license taxes	180	180	180	-
Motor vehicle licenses	171,500	171,500	166,195	(5,305)
Bank stock taxes	4,500	4,500	1,824	(2,676)
Taxes on recordation and wills	40,000	40,000	31,493	(8,507)
Total other local taxes	<u>\$ 846,280</u>	<u>\$ 846,280</u>	<u>\$ 829,283</u>	<u>\$ (16,997)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,500	\$ 5,500	\$ 5,307	\$ (193)
Transfer fees	450	450	444	(6)
Permits and other licenses	38,200	38,200	41,591	3,391
Total permits, privilege fees, and regulatory licenses	<u>\$ 44,150</u>	<u>\$ 44,150</u>	<u>\$ 47,342</u>	<u>\$ 3,192</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 220,000	\$ 220,000	\$ 356,083	\$ 136,083
Total fines and forfeitures	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 356,083</u>	<u>\$ 136,083</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 101,570	\$ 101,570	\$ 50,666	\$ (50,904)
Revenue from use of property	73,000	73,000	64,277	(8,723)
Total revenue from use of money and property	<u>\$ 174,570</u>	<u>\$ 174,570</u>	<u>\$ 114,943</u>	<u>\$ (59,627)</u>
Charges for services:				
Sheriff fees	\$ 665	\$ 665	\$ 665	\$ -
Charges for Commonwealth's Attorney	440	440	303	(137)
Courthouse security fees	45,000	45,000	74,186	29,186
Charges for correction and detention	37,700	37,700	40,726	3,026
Charges for other protection	20	20	532	512
Charges for sanitation and waste removal:				
Tipping fees	3,153,800	3,153,800	4,174,383	1,020,583
Quality control fees	158,409	158,409	34,841	(123,568)
Charges for community development	500	500	2,500	2,000
Total charges for services	<u>\$ 3,396,534</u>	<u>\$ 3,396,534</u>	<u>\$ 4,328,136</u>	<u>\$ 931,602</u>

**County of Sussex, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

Schedule 1  
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 325,937	\$ 325,937	\$ 94,348	\$ (231,589)
Total miscellaneous revenue	<u>\$ 325,937</u>	<u>\$ 325,937</u>	<u>\$ 94,348</u>	<u>\$ (231,589)</u>
Recovered costs:				
Wakefield sheriff patrol	\$ 43,500	\$ 43,500	\$ 36,038	\$ (7,462)
Local health department	4,000	4,000	6,643	2,643
Jail clean up	52,000	52,000	27,792	(24,208)
Medical expense-sheriff	12,000	12,000	8,896	(3,104)
Clerk of the circuit court	5,450	5,450	4,797	(653)
Social security bounty	1,000	1,000	1,000	-
Indoor plumbing	10,000	10,000	12,054	2,054
VHDA	42,000	42,000	50,720	8,720
School resource officer	-	-	15,361	15,361
Jurors and witnesses	6,500	6,500	6,406	(94)
Total recovered costs	<u>\$ 176,450</u>	<u>\$ 176,450</u>	<u>\$ 169,707</u>	<u>\$ (6,743)</u>
Total revenue from local sources	<u>\$ 10,954,952</u>	<u>\$ 10,954,952</u>	<u>\$ 11,619,164</u>	<u>\$ 664,212</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 20,500	\$ 20,500	\$ 10,629	\$ (9,871)
Wine taxes	12,037	12,037	9,842	(2,195)
Rolling stock tax	78,000	78,000	65,231	(12,769)
Mobile home titling tax	55,000	55,000	22,616	(32,384)
Motor vehicle rental tax	600	600	-	(600)
State recordation tax	22,427	22,427	26,493	4,066
Personal property tax relief funds	1,182,042	1,182,042	1,086,180	(95,862)
Total noncategorical aid	<u>\$ 1,370,606</u>	<u>\$ 1,370,606</u>	<u>\$ 1,220,991</u>	<u>\$ (149,615)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 191,634	\$ 191,634	\$ 188,542	\$ (3,092)
Sheriff	1,127,187	1,127,187	1,109,634	(17,553)
Commissioner of revenue	72,443	72,443	69,916	(2,527)
Treasurer	86,388	86,388	82,293	(4,095)
Medical examiner	1,000	1,000	150	(850)
Registrar/electoral board	47,000	47,000	-	(47,000)
Local jails	160,000	160,000	110,087	(49,913)
Total shared expenses	<u>\$ 1,685,652</u>	<u>\$ 1,685,652</u>	<u>\$ 1,560,622</u>	<u>\$ (125,030)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 362,400	\$ 362,400	\$ 393,666	\$ 31,266
Fire programs fund	12,000	12,000	12,000	-
Art grant	5,000	5,000	5,000	-
Abstinence education	150,850	150,850	38,813	(112,037)
Comprehensive services act	155,000	155,000	187,630	32,630
Indoor plumbing	100,000	100,000	-	(100,000)
Emergency medical services	-	-	4,341	4,341
Forfeited assets	-	-	2,006	2,006
Environmental quality	-	-	108,644	108,644
Victim-witness grant	-	-	75,274	75,274
Emergency services	-	-	12,432	12,432
Community corrections	-	-	23,613	23,613

**County of Sussex, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

Schedule 1  
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Payment in lieu of taxes-prison	\$ 223,580	\$ 223,580	\$ 243,881	\$ 20,301
Total other categorical aid	\$ 1,008,830	\$ 1,008,830	\$ 1,107,300	\$ 98,470
Total categorical aid	\$ 2,694,482	\$ 2,694,482	\$ 2,667,922	\$ (26,560)
Total revenue from the Commonwealth	\$ 4,065,088	\$ 4,065,088	\$ 3,888,913	\$ (176,175)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 901,127	\$ 901,127	\$ 978,872	\$ 77,745
Community development block grant	-	-	121,536	121,536
Local law enforcement block grant	-	-	12,407	12,407
Emergency services	-	-	41,391	41,391
Drug grant	-	-	21,436	21,436
Total categorical aid	\$ 901,127	\$ 901,127	\$ 1,175,642	\$ 274,515
Total revenue from the federal government	\$ 901,127	\$ 901,127	\$ 1,175,642	\$ 274,515
Total General Fund	\$ 15,921,167	\$ 15,921,167	\$ 16,683,719	\$ 762,552
<b>Special Revenue Fund:</b>				
<b>County Special Revenue Fund</b>				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 125,000	\$ 125,000	\$ 128,784	\$ 3,784
Total other local taxes	\$ 125,000	\$ 125,000	\$ 128,784	\$ 3,784
Revenue from use of money and property:				
Revenue from the use of money	\$ 4,800	\$ 4,800	\$ 6,106	\$ 1,306
Total revenue from use of money and property	\$ 4,800	\$ 4,800	\$ 6,106	\$ 1,306
Charges for services:				
Law library fees	\$ 1,300	\$ 1,300	\$ 1,452	\$ 152
Total charges for services	\$ 1,300	\$ 1,300	\$ 1,452	\$ 152
Miscellaneous revenue:				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 540	\$ (1,960)
Total miscellaneous revenue	\$ 2,500	\$ 2,500	\$ 540	\$ (1,960)
Total revenue from local sources	\$ 133,600	\$ 133,600	\$ 136,882	\$ 3,282
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	\$ -	\$ -	\$ 38,328	\$ 38,328
Total categorical aid	\$ -	\$ -	\$ 38,328	\$ 38,328
Total revenue from the Commonwealth	\$ -	\$ -	\$ 38,328	\$ 38,328
Total County Special Revenue Fund	\$ 133,600	\$ 133,600	\$ 175,210	\$ 41,610

**County of Sussex, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

**Schedule 1**  
**Page 4 of 6**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 75,000	\$ 75,000	\$ 48,166	\$ (26,834)
Charges for services:				
Courthouse maintenance fees	\$ 37,000	\$ 37,000	\$ 32,785	\$ (4,215)
Total charges for services	\$ 37,000	\$ 37,000	\$ 32,785	\$ (4,215)
Total revenue from local sources	\$ 112,000	\$ 112,000	\$ 80,951	\$ (31,049)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Sussex School Board	\$ 485,771	\$ 485,771	\$ 297,020	\$ (188,751)
Total revenues from local governments	\$ 485,771	\$ 485,771	\$ 297,020	\$ (188,751)
Revenue from the Commonwealth:				
Categorical aid:				
Western water grant	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total categorical aid	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenue from the Commonwealth	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total County Capital Projects Fund	\$ 607,771	\$ 607,771	\$ 377,971	\$ (229,800)
Total Primary Government	\$ 16,662,538	\$ 16,662,538	\$ 17,236,900	\$ 574,362
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 1,825	\$ 1,825
Total revenue from use of money and property	\$ -	\$ -	\$ 1,825	\$ 1,825
Miscellaneous revenue:				
Miscellaneous	\$ 46,887	\$ 46,887	\$ 140,599	\$ 93,712
Total revenue from local sources	\$ 46,887	\$ 46,887	\$ 142,424	\$ 95,537
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 6,848,308	\$ 6,848,308	\$ 6,982,086	\$ 133,778
Total revenues from local governments	\$ 6,848,308	\$ 6,848,308	\$ 6,982,086	\$ 133,778

County of Sussex, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2003

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (continued)</b>				
<b>School Operating Fund (continued)</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,078,862	\$ 1,078,862	\$ 878,808	\$ (200,054)
Basic school aid	3,277,181	3,277,181	3,392,214	115,033
Remedial summer education	89,670	89,670	-	(89,670)
Regular foster care	-	-	1,206	1,206
GED funding	-	-	8,114	8,114
Gifted and talented	34,610	34,610	34,761	151
Remedial education	111,521	111,521	112,008	487
Special education	434,547	434,547	441,858	7,311
Textbook payment	72,450	72,450	72,767	317
Vocational education	74,988	74,988	93,553	18,565
School fringes	285,385	285,385	286,732	1,347
Mentor teacher program	-	-	3,133	3,133
State lottery payments	194,373	194,373	236,752	42,379
Early reading intervention	15,421	15,421	15,421	-
Dropout prevention	-	-	46,498	46,498
School construction	121,191	121,191	121,140	(51)
Technology resource assistants	-	-	18,192	18,192
Enrollment loss	51,755	51,755	37,853	(13,902)
At risk payments	207,383	207,383	208,105	722
Electronic classroom	-	-	1,515	1,515
Remediation assistance	-	-	50,464	50,464
Primary class size	165,504	165,504	151,621	(13,883)
Technology	180,000	180,000	87,574	(92,426)
Standards-of Learning reimbursement	48,401	48,401	17,513	(30,888)
Other state funds	124,175	124,175	-	(124,175)
Total categorical aid	<u>\$ 6,567,417</u>	<u>\$ 6,567,417</u>	<u>\$ 6,317,802</u>	<u>\$ (249,615)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 363,606	\$ 363,606	\$ 400,622	\$ 37,016
Title VI-B, special education flow-through	108,000	108,000	163,957	55,957
Vocational education	40,000	40,000	26,968	(13,032)
Title VI-B, special education pre-school	-	-	10,005	10,005
Drug free schools	-	-	11,387	11,387
Eisenhower math and science	-	-	3,015	3,015
Title VI	13,857	13,857	12,288	(1,569)
School reform	-	-	100,000	100,000
School-to-work	-	-	15,000	15,000
Goals 2000	-	-	15,187	15,187
Rural education	-	-	11,787	11,787
AP grant	-	-	3,875	3,875
Title II, Part A	-	-	36,082	36,082
Class size reduction	-	-	8,310	8,310
Other federal funds	70,000	70,000	-	(70,000)
Total categorical aid	<u>\$ 595,463</u>	<u>\$ 595,463</u>	<u>\$ 818,483</u>	<u>\$ 223,020</u>
Total School Operating Fund	<u>\$ 14,058,075</u>	<u>\$ 14,058,075</u>	<u>\$ 14,260,795</u>	<u>\$ 202,720</u>

County of Sussex, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2003

Schedule 1  
 Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (continued)</b>				
<b>School Special Revenue Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,345	\$ 1,345
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,345</u>	<u>\$ 1,345</u>
Charges for services:				
Cafeteria sales	\$ 248,695	\$ 248,695	\$ 291,554	\$ 42,859
Total charges for services	<u>\$ 248,695</u>	<u>\$ 248,695</u>	<u>\$ 291,554</u>	<u>\$ 42,859</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 1,659	\$ 1,659
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,659</u>	<u>\$ 1,659</u>
Total revenue from local sources	<u>\$ 248,695</u>	<u>\$ 248,695</u>	<u>\$ 294,558</u>	<u>\$ 45,863</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 11,305	\$ 11,305	\$ 8,033	\$ (3,272)
Total categorical aid	<u>\$ 11,305</u>	<u>\$ 11,305</u>	<u>\$ 8,033</u>	<u>\$ (3,272)</u>
Total revenue from the Commonwealth	<u>\$ 11,305</u>	<u>\$ 11,305</u>	<u>\$ 8,033</u>	<u>\$ (3,272)</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 350,000	\$ 350,000	\$ 341,102	\$ (8,898)
Summer feeding	50,000	50,000	26,497	(23,503)
Total categorical aid	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 367,599</u>	<u>\$ (32,401)</u>
Total revenue from the federal government	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 367,599</u>	<u>\$ (32,401)</u>
Total School Special Revenue Fund	<u>\$ 660,000</u>	<u>\$ 660,000</u>	<u>\$ 670,190</u>	<u>\$ 10,190</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 14,718,075</u>	<u>\$ 14,718,075</u>	<u>\$ 14,930,985</u>	<u>\$ 212,910</u>

County of Sussex, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2003

Schedule 2  
 Page 1 of 4

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 90,020	\$ 90,020	\$ 149,810	\$ (59,790)
General and financial administration:				
County administrator	\$ 276,461	\$ 276,461	\$ 294,392	\$ (17,931)
Legal services	97,303	97,303	59,779	37,524
Commissioner of revenue	176,971	176,971	155,880	21,091
Independent Auditor	47,500	47,500	21,700	25,800
Treasurer	274,882	274,882	219,281	55,601
Central accounting	25,000	25,000	23,620	1,380
Other general and financial administration	2,500	138,139	181,685	(43,546)
Total general and financial administration	<u>\$ 900,617</u>	<u>\$ 1,036,256</u>	<u>\$ 956,337</u>	<u>\$ 79,919</u>
Board of elections:				
Electoral board and officials	\$ 115,249	\$ 115,249	\$ 92,284	\$ 22,965
Total general government administration	<u>\$ 1,105,886</u>	<u>\$ 1,241,525</u>	<u>\$ 1,198,431</u>	<u>\$ 43,094</u>
Judicial administration:				
Courts:				
Circuit court	\$ 33,575	\$ 33,575	\$ 23,672	\$ 9,903
General district court	22,500	22,500	12,374	10,126
Special magistrates	7,182	7,182	11,722	(4,540)
Juvenile and domestic relations court	26,925	26,925	16,239	10,686
Clerk of the circuit court	73,851	73,851	75,988	(2,137)
Total courts	<u>\$ 164,033</u>	<u>\$ 164,033</u>	<u>\$ 139,995</u>	<u>\$ 24,038</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 331,941	\$ 331,941	\$ 297,579	\$ 34,362
Total commonwealth's attorney	<u>\$ 331,941</u>	<u>\$ 331,941</u>	<u>\$ 297,579</u>	<u>\$ 34,362</u>
Total judicial administration	<u>\$ 495,974</u>	<u>\$ 495,974</u>	<u>\$ 437,574</u>	<u>\$ 58,400</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,949,611	\$ 1,957,138	\$ 1,920,726	\$ 36,412
Crater criminal justice academy	7,727	7,727	7,727	-
Wakefield sheriff patrol	43,039	43,039	37,616	5,423
Victim Witness	52,102	52,102	52,353	(251)
Total law enforcement and traffic control	<u>\$ 2,052,479</u>	<u>\$ 2,060,006</u>	<u>\$ 2,018,422</u>	<u>\$ 41,584</u>
Fire and rescue services:				
Fire department	\$ 95,500	\$ 374,500	\$ 254,620	\$ 119,880
Ambulance and rescue services	209,900	209,900	223,080	(13,180)
Forest fire extinction services	12,516	12,516	12,516	-
Total fire and rescue services	<u>\$ 317,916</u>	<u>\$ 596,916</u>	<u>\$ 490,216</u>	<u>\$ 106,700</u>
Correction and detention:				
Confinement and care of prisoners	\$ 371,541	\$ 371,541	\$ 272,288	\$ 99,253
Juvenile probation and detention	80,000	80,000	49,484	30,516
Total correction and detention	<u>\$ 451,541</u>	<u>\$ 451,541</u>	<u>\$ 321,772</u>	<u>\$ 129,769</u>

**County of Sussex, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

**Schedule 2**  
**Page 2 of 4**

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Inspections:				
Building	\$ 80,433	\$ 80,433	\$ 71,892	\$ 8,541
Total inspections	<u>\$ 80,433</u>	<u>\$ 80,433</u>	<u>\$ 71,892</u>	<u>\$ 8,541</u>
Other protection:				
Animal control	\$ 63,187	\$ 63,187	\$ 62,449	\$ 738
Emergency services	2,000	2,000	5,920	(3,920)
Medical examiner	1,000	1,000	250	750
Total other protection	<u>\$ 66,187</u>	<u>\$ 66,187</u>	<u>\$ 68,619</u>	<u>\$ (2,432)</u>
Total public safety	<u>\$ 2,968,556</u>	<u>\$ 3,255,083</u>	<u>\$ 2,970,921</u>	<u>\$ 284,162</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 9,800	\$ 9,800	\$ 9,535	\$ 265
Wastewater treatment plant	43,000	43,000	30,097	12,903
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 52,800</u>	<u>\$ 52,800</u>	<u>\$ 39,632</u>	<u>\$ 13,168</u>
Sanitation and waste removal:				
Refuse disposal	\$ 132,541	\$ 132,541	\$ 178,770	\$ (46,229)
Total sanitation and waste removal	<u>\$ 132,541</u>	<u>\$ 132,541</u>	<u>\$ 178,770</u>	<u>\$ (46,229)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 296,704	\$ 296,704	\$ 360,163	\$ (63,459)
Total maintenance of general buildings and grounds	<u>\$ 296,704</u>	<u>\$ 296,704</u>	<u>\$ 360,163</u>	<u>\$ (63,459)</u>
Total public works	<u>\$ 482,045</u>	<u>\$ 482,045</u>	<u>\$ 578,565</u>	<u>\$ (96,520)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 148,148	\$ 148,148	\$ 137,232	\$ 10,916
Total health	<u>\$ 148,148</u>	<u>\$ 148,148</u>	<u>\$ 137,232</u>	<u>\$ 10,916</u>
Mental health and mental retardation:				
Chapter X Board	\$ 51,026	\$ 51,026	\$ 51,026	\$ -
Total mental health and mental retardation	<u>\$ 51,026</u>	<u>\$ 51,026</u>	<u>\$ 51,026</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 1,584,125	\$ 1,584,125	\$ 1,709,404	\$ (125,279)
Area agency on aging	1,524	1,524	-	1,524
Other social services	5,500	5,500	3,836	1,664
Comprehensive services act	200,000	200,000	276,755	(76,755)
Abstinence education	151,250	151,250	120,789	30,461
Total welfare	<u>\$ 1,942,399</u>	<u>\$ 1,942,399</u>	<u>\$ 2,110,784</u>	<u>\$ (168,385)</u>
Total health and welfare	<u>\$ 2,141,573</u>	<u>\$ 2,141,573</u>	<u>\$ 2,299,042</u>	<u>\$ (157,469)</u>

County of Sussex, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2003

Schedule 2  
 Page 3 of 4

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 1,819	\$ 1,819	\$ 1,819	\$ -
Tri-City literacy council	1,500	1,500	1,500	-
Contribution to headstart and other programs	63,000	63,000	63,000	-
Contribution to County School Board	6,848,308	6,848,308	6,982,086	(133,778)
Total education	<u>\$ 6,914,627</u>	<u>\$ 6,914,627</u>	<u>\$ 7,048,405</u>	<u>\$ (133,778)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Youth athletic club	1,000	1,000	1,000	-
Total parks and recreation	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>
Cultural enrichment:				
Wakefield foundation	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Carpenter museum	10,000	10,000	10,000	-
Total cultural enrichment	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 94,344	\$ 103,959	\$ 103,977	\$ (18)
Total library	<u>\$ 94,344</u>	<u>\$ 103,959</u>	<u>\$ 103,977</u>	<u>\$ (18)</u>
Total parks, recreation, and cultural	<u>\$ 111,344</u>	<u>\$ 120,959</u>	<u>\$ 120,977</u>	<u>\$ (18)</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 125,114	\$ 125,114	\$ 115,338	\$ 9,776
Zoning board	2,450	2,450	165	2,285
Industrial development authority	1,350	1,350	-	1,350
Planning district commission	10,128	10,128	5,064	5,064
Economic development	77,050	77,050	16,538	60,512
Indoor plumbing	111,000	111,000	55,326	55,674
Housing assistance and other	89,651	89,651	79,894	9,757
Total planning and community development	<u>\$ 416,743</u>	<u>\$ 416,743</u>	<u>\$ 272,325</u>	<u>\$ 144,418</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 9,410	\$ 9,410	\$ 6,410	\$ 3,000
Environmental inspection	155,958	155,958	111,707	44,251
Total environmental management	<u>\$ 165,368</u>	<u>\$ 165,368</u>	<u>\$ 118,117</u>	<u>\$ 47,251</u>
Cooperative extension program:				
Extension office	\$ 51,390	\$ 53,890	\$ 37,094	\$ 16,796
Total cooperative extension program	<u>\$ 51,390</u>	<u>\$ 53,890</u>	<u>\$ 37,094</u>	<u>\$ 16,796</u>
Total community development	<u>\$ 633,501</u>	<u>\$ 636,001</u>	<u>\$ 427,536</u>	<u>\$ 208,465</u>
Total General Fund	<u>\$ 14,853,506</u>	<u>\$ 15,287,787</u>	<u>\$ 15,081,451</u>	<u>\$ 206,336</u>

**County of Sussex, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

**Schedule 2**  
**Page 4 of 4**

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund:</b>				
<b>County Special Revenue Fund:</b>				
Judicial administration:				
Courts:				
Law library	\$ 3,000	\$ 3,000	\$ 1,359	\$ 1,641
Total judicial administration	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 1,359</u>	<u>\$ 1,641</u>
Public Safety:				
Other Protection:				
E911	\$ 195,243	\$ 195,243	\$ 119,670	\$ 75,573
Total other protection	<u>\$ 195,243</u>	<u>\$ 195,243</u>	<u>\$ 119,670</u>	<u>\$ 75,573</u>
Total public safety	<u>\$ 195,243</u>	<u>\$ 195,243</u>	<u>\$ 119,670</u>	<u>\$ 75,573</u>
Total County Special Revenue Fund	<u>\$ 198,243</u>	<u>\$ 198,243</u>	<u>\$ 121,029</u>	<u>\$ 77,214</u>
<b>County Capital Projects Fund:</b>				
Capital projects expenditures:				
Capital projects	\$ 850,000	\$ 1,464,795	\$ 1,202,571	\$ 262,224
Sussex Central High School renovation	-	1,005,286	1,084,770	(79,484)
County schools	485,771	485,771	297,020	188,751
Total capital projects	<u>\$ 1,335,771</u>	<u>\$ 2,955,852</u>	<u>\$ 2,584,361</u>	<u>\$ 371,491</u>
Debt service:				
Principal retirement	\$ 1,830,506	\$ 1,830,506	\$ 835,000	\$ 995,506
Interest and other fiscal charges			409,350	(409,350)
Total debt service	<u>\$ 1,830,506</u>	<u>\$ 1,830,506</u>	<u>\$ 1,244,350</u>	<u>\$ 586,156</u>
Total County Capital Projects Fund	<u>\$ 3,166,277</u>	<u>\$ 4,786,358</u>	<u>\$ 3,828,711</u>	<u>\$ 957,647</u>
Total Primary Government	<u>\$ 18,218,026</u>	<u>\$ 20,272,388</u>	<u>\$ 19,031,191</u>	<u>\$ 1,241,197</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration, health, and attendance	\$ 424,443	\$ 424,443	\$ 505,941	\$ (81,498)
Instruction costs	10,330,349	10,330,349	10,049,887	280,462
Pupil transportation	1,301,436	1,301,436	1,364,150	(62,714)
Operation and maintenance of school plant	1,516,076	1,516,076	2,038,482	(522,406)
Contribution to Sussex County Capital Projects	485,771	485,771	297,020	188,751
Total education	<u>\$ 14,058,075</u>	<u>\$ 14,058,075</u>	<u>\$ 14,255,480</u>	<u>\$ (197,405)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 23,126	\$ (23,126)
Interest and other fiscal charges	-	-	102,600	(102,600)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,726</u>	<u>\$ (125,726)</u>
Total School Operating Fund	<u>\$ 14,058,075</u>	<u>\$ 14,058,075</u>	<u>\$ 14,381,206</u>	<u>\$ (323,131)</u>
<b>School Special Revenue Fund</b>				
Education:				
School food services	\$ 660,000	\$ 660,000	\$ 766,393	\$ (106,393)
Total School Special Revenue Fund	<u>\$ 660,000</u>	<u>\$ 660,000</u>	<u>\$ 766,393</u>	<u>\$ (106,393)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 14,718,075</u>	<u>\$ 14,718,075</u>	<u>\$ 15,147,599</u>	<u>\$ (429,524)</u>

## **STATISTICAL TABLES**

**THIS PAGE LEFT BLANK INTENTIONALLY**

Table 1

**County of Sussex, Virginia**  
**General Governmental Expenditures by Function (1,3)**  
**Last Ten Fiscal Years**

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
1994	\$ 692,575	\$ 373,016	\$ 1,535,984	\$ 699,197	\$ 1,345,849	\$ 8,324,913	\$ 59,004	\$ 116,551	\$ 101,029	\$ 13,248,118
1995	880,525	413,636	1,726,103	628,069	1,354,432	9,392,777	67,774	280,581	166,408	14,910,305
1996	967,558	1,543,602	609,146	630,714	1,475,222	10,142,850	70,872	219,798	393,951	16,053,713
1997	999,410	223,898	2,470,454	573,385	1,630,290	10,763,744	73,372	459,109	720,510	17,914,172
1998	842,385	237,714	2,133,921	505,302	1,612,811	10,985,510	82,041	369,145	691,284	17,460,113
1999	817,864	270,534	2,500,284	393,097	1,809,742	11,961,997	82,329	303,116	689,003	18,827,966
2000	957,030	371,764	2,525,773	589,031	1,783,652	13,261,669	88,911	763,384	690,129	21,031,343
2001	871,929	415,965	2,944,794	515,852	1,845,632	13,376,782	112,211	681,730	841,532	21,606,427
2002	994,317	431,833	3,068,499	516,936	2,044,519	13,736,569	107,479	429,534	1,354,681	22,684,367
2003	1,198,431	438,933	3,090,591	578,565	2,299,042	14,791,172	120,977	427,536	1,370,076	24,315,323

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) Excludes Capital Projects funds.

Table 2

County of Sussex, Virginia  
 General Governmental Revenues by Source (1,3)  
 Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
1994	\$ 3,439,086	\$ 767,749	\$ 47,241	\$ 185,092	\$ 121,426	\$ 392,301	\$ 158,192	\$ -	\$ 7,360,275	\$ 12,471,362
1995	4,153,311	813,609	39,496	154,491	148,660	3,707,008	252,138	322,072	8,264,960	17,855,745
1996	4,278,027	817,764	40,183	171,501	254,465	4,412,657	165,018	447,027	8,578,341	19,164,983
1997	4,787,425	888,133	41,384	227,220	245,399	3,156,485	170,067	185,120	9,154,555	18,855,788
1998	5,262,481	880,718	40,842	208,588	274,522	2,952,781	91,963	174,317	9,500,122	19,386,334
1999	5,609,959	884,390	50,589	220,399	328,724	5,206,929	280,197	202,469	10,415,647	23,199,303
2000	5,337,214	893,865	46,704	172,973	305,305	1,792,885	182,337	460,200	11,499,325	20,690,808
2001	5,543,684	952,691	46,065	160,402	281,892	3,702,840	352,242	148,840	12,683,090	23,871,746
2002	5,420,707	940,683	51,170	212,786	175,684	3,623,018	177,371	153,752	14,022,043	24,777,214
2003	5,679,322	958,067	47,342	356,083	124,219	4,621,142	237,146	169,707	12,614,800	24,807,828

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) Excludes Capital Projects funds.

Table 3

**County of Sussex, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
1994	\$ 3,411,257	\$ 3,294,441	96.58%	\$ 87,011	\$ 3,381,452	99.13%	\$ 196,752	5.77%
1995	4,067,217	3,972,283	97.67%	113,827	4,086,110	100.46%	260,289	6.40%
1996	4,272,744	4,109,080	96.17%	103,723	4,212,803	98.60%	239,393	5.60%
1997	4,728,576	4,560,642	96.45%	132,342	4,692,984	99.25%	260,006	5.50%
1998	5,238,240	5,050,891	96.42%	120,386	5,171,277	98.72%	248,057	4.74%
1999	5,584,118	5,386,072	96.45%	107,664	5,493,736	98.38%	368,912	6.61%
2000	5,691,184	5,462,550	95.98%	162,311	5,624,861	98.83%	437,248	7.68%
2001	6,176,669	6,030,907	97.64%	136,235	6,167,142	99.85%	378,078	6.12%
2002	6,407,246	6,238,935	97.37%	143,253	6,382,188	99.61%	390,502	6.09%
2003	6,707,970	6,508,747	97.03%	133,612	6,642,359	99.02%	240,963	3.59%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

Table 4

**County of Sussex, Virginia**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchants Capital	Public Service(2)		Total
					Real Estate	Personal Property	
1994	\$ 291,104,758	\$ 35,289,463	\$ 5,613,685	7,070,848	\$ 33,995,573	\$ 339,348	\$ 373,413,675
1995	378,294,704	39,899,452	11,033,386	6,574,177	45,358,444	445,010	481,605,173
1996	381,008,878	43,498,794	7,569,491	6,561,372	43,405,567	405,071	482,449,173
1997	380,072,877	48,976,201	4,992,659	5,476,854	44,019,220	345,682	483,883,493
1998	379,892,374	52,860,634	10,274,170	5,617,472	44,055,442	411,002	493,111,094
1999	383,338,454	53,903,376	15,518,719	5,234,145	45,557,087	362,278	503,914,059
2000	381,439,198	58,584,106	14,971,013	8,284,597	44,374,336	298,348	507,951,598
2001	444,221,403	60,610,361	13,978,885	7,687,320	55,929,508	282,863	582,710,340
2002	440,959,718	63,808,191	15,630,965	6,512,713	57,788,542	352,945	585,053,074
2003	442,859,108	61,831,023	16,799,605	6,412,725	57,263,547	567,622	585,733,630

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 5

**County of Sussex, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchants Capital
1994	\$ 0.52	\$ 0.52	\$ 4.75	\$ 4.75	1.00
1995	0.50	0.50	4.75	4.75	1.00
1996	0.50	0.50	4.75	4.75	1.00
1997	0.54	0.54	4.75	4.75	1.00
1998	0.54	0.54	4.85	4.85	1.00
1999	0.59	0.59	4.85	4.85	1.00
2000	0.60	0.60	4.85	4.85	1.00
2001	0.60	0.60	4.85	4.85	1.00
2002	0.60	0.60	4.85	4.85	1.00
2003	0.65	0.65	4.85	4.85	1.00

(1) Per \$100 of assessed value.

Table 6

**County of Sussex, Virginia**  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
1994	10,248	\$ 373,413,675	\$ 101,050	-	\$ -	\$ 101,050	0.03%	10
1995	10,248	481,605,173	63,400	-	-	63,400	0.01%	6
1996	10,248	482,449,173	25,750	-	-	25,750	0.01%	3
1997	10,248	483,883,493	-	-	-	-	0.00%	-
1998	10,248	493,111,094	-	-	-	-	0.00%	-
1999	10,248	503,914,059	7,430,000	-	-	7,430,000	1.47%	725
2000	10,248	507,951,598	7,430,000	-	-	7,430,000	1.46%	725
2001	12,504	582,710,340	7,055,000	-	-	7,055,000	1.21%	564
2002	12,504	585,053,074	12,855,073	-	-	12,855,073	2.20%	1,028
2003	12,504	585,733,630	12,480,073	-	-	12,480,073	2.13%	998

(1) Bureau of Census for 1990 and Weldon Cooper Center for Public Service for 2000 Census.

(2) From Table 4.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.  
 Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

(4) In accordance with the provisions of annexation settlements.

## **COMPLIANCE**

**THIS PAGE LEFT BLANK INTENTIONALLY**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*

To The Honorable Members of the Board of Supervisors  
County of Sussex  
Sussex, Virginia

We have audited the financial statements of the County of Sussex, Virginia, as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated December 16, 2003. We conducted our audit in accordance with the Specifications for Audit of Counties, Cities and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the County of Sussex, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County of Sussex, Virginia's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of finding and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within in a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the County of Sussex, Virginia, in a separate letter dated December 16, 2003.

This report is intended solely for the information and use of the Board of Supervisors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Roberts, James, 10X Associate*

Richmond, Virginia

December 16, 2003

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## ***Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133***

To The Honorable Members of the Board of Supervisors  
County of Sussex  
Sussex, Virginia

### **Compliance**

We have audited the compliance of the County of Sussex, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003. The County of Sussex, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express an opinion on the County of Sussex, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Sussex, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Sussex, Virginia's compliance with those requirements.

In our opinion, the County of Sussex, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003.

### **Internal Control Over Compliance**

The management of the County of Sussex, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Roberson, Fanner, Cox Associates*

Richmond, Virginia  
December 16, 2003

**County of Sussex, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 15,000
Temporary Assist to Needy Families (TANF)	93.558	175,034
Refugee and Entrant Assistance - Discretionary Grants	93.566	233
Low Income Home Energy Assistance	93.568	11,014
Payments to States for Child Care Assistance	93.575	105,613
Child Care and Development Fund	93.596	80,404
Foster Care - Title IV-E	93.658	102,273
Adoption Assistance	93.659	37,552
Social Services Block Grant	93.667	113,268
Medical Assistance Program (Title XIX)	93.778	<u>132,465</u>
Total Department Health and Human Services		<u>\$ 772,856</u>
Federal Emergency Management Agency:		
Pass Through Payments:		
Department of Emergency Management:		
Emergency management preparedness grant	83.552	\$ 4,001
State and local emergency operations planning	83.562	<u>7,331</u>
Total Federal Emergency Management Agency		<u>\$ 11,332</u>
Department of Agriculture:		
Direct Payments:		
Summer feeding	10.555	<u>\$ 26,497</u>
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 39,951
Department of Education:		
National school lunch program	10.555	341,102
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>206,016</u>
Total Department of Agriculture		<u>\$ 613,566</u>

**County of Sussex, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2003**

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Emergency Management:		
State domestic preparedness and equipment support	16.007	\$ 30,059
Department of Criminal Justice Service:		
Drug control and system improvement grant	16.579	21,436
Local law enforcement block grant	16.592	12,407
		<hr/>
Total Department of Justice		\$ 63,902
Department of Labor:		
Pass Through Payments:		
Department of Education:		
Employment services and job training	17.249	\$ 15,000
		<hr/>
Total Department of Labor		\$ 15,000
Department of Housing and Community Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ 121,536
		<hr/>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Rural Education	84.358	\$ 11,787
Title I: Educationally deprived children	84.010	400,622
Title VI-B: Handicapped state grants	84.027	163,957
Vocational Education: Basic grants to states	84.048	26,968
Title VI-B: Handicapped preschool incentive grant	84.173	10,005
Drug free schools and communities	84.186	11,387
Title II, Part A	84.367	36,082
Goals 2000	84.276	15,187
Eisenhower math and science education	84.281	3,015
Title VI: Improving school programs state block grant	84.298	12,288
School reform	84.332	100,000
Advanced placement classes	84.330	3,875
Class-Size Reduction Grant	84.340	8,310
		<hr/>
Total Department of Education		\$ 803,483
		<hr/>
Total Federal Assistance		\$ 2,401,675
		<hr/> <hr/>

**Note A - Basis of Accounting**

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

**Note B - Food Distribution**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

**County of Sussex, Virginia  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2003**

**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued unqualified

Internal control over financial reporting:

a. Material weaknesses identified? \_\_\_ yes     X no

b. Reportable conditions identified that are not considered to be material weaknesses? X yes     \_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_ yes     X no

**Federal Awards**

Internal control over major programs

A. Material weaknesses identified? \_\_\_ yes     X no

B. Reportable conditions identified that are not considered to be material weaknesses? \_\_\_ yes     X no

Type of auditors' report issued on compliance for major programs unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ yes     X no

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

10.555 .....	National School Lunch Cluster
84.027/84.173 .....	Title VI-B Cluster
84.010 .....	Title I
93.575/93.596 .....	Child Care and Development Cluster
10.561 .....	Food Stamp Administration

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_ yes     X no

**Section II—Financial Statement Findings**

A complete set of payroll records was not available to the auditor during the course of audit fieldwork. The following records could not be located: March 2003 Quarterly Payroll Tax Return Form 941, Virginia Retirement System monthly reports, and accrued vacation and sick leave schedule at June 30, 2003. Due care should be taken when recording, processing and filing payroll records. All of the above payroll records should be retained on file for auditor review.

**Section III—Federal Award Findings and Questioned Costs**

None

**THIS PAGE LEFT BLANK INTENTIONALLY**